

**SOCIETY OF ST. VINCENT DE PAUL**  
**DISTRICT COUNCIL OF MARIN COUNTY**  
**(A California Not-For-Profit Corporation)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020**



**SOCIETY OF ST. VINCENT DE PAUL**  
**DISTRICT COUNCIL OF MARIN COUNTY**

**TABLE OF CONTENTS**  
**SEPTEMBER 30, 2020**

Independent auditors' report	2 - 3
Consolidated statements of financial position	4
Consolidated statements of activities	5
Consolidated statements of functional expenses	6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8 - 16



---

## **Independent Auditors' Report**

The Board of Directors  
Society of St. Vincent de Paul  
District Council of Marin County

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of the Society of St. Vincent de Paul, District Council of Marin County (a California not-for-profit corporation), which comprise the consolidated statements of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Society of St. Vincent de Paul, District Council of Marin County as of September 30, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the financial statements of the Society of St. Vincent de Paul, District Council of Marin County as of September 30, 2019, and our report dated March 31, 2020 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "RINA Accountancy LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants

San Francisco, California  
March 31, 2021

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - SEPTEMBER 30, 2020**  
**(With comparative totals at September 30, 2019)**

	Unrestricted	Board Designated	Total Unrestricted	With Donor Restrictions	Total	
					2020	2019
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 939,118	\$ 6,741	\$ 945,859	\$ 873,556	\$ 1,819,415	\$ 701,603
Investments	1,186,613	2,345,017	3,531,630	-	3,531,630	3,160,673
Program receivables	302,462	-	302,462	-	302,462	262,260
Contributions receivable	-	-	-	27,050	27,050	7,376
Prepaid expenses and other assets	29,620	-	29,620	-	29,620	36,745
<b>Total current assets</b>	<b>2,457,813</b>	<b>2,351,758</b>	<b>4,809,571</b>	<b>900,606</b>	<b>5,710,177</b>	<b>4,168,657</b>
Investments in certificates of deposit	-	-	-	-	-	10,006
Deposits	16,902	-	16,902	-	16,902	22,549
Intangible assets, net	-	-	-	-	-	1,988
Property & equipment, at cost, net	4,450,552	-	4,450,552	-	4,450,552	4,564,307
Beneficial interest in charitable remainder trust, discounted to present value	419,146	-	419,146	-	419,146	-
<b>TOTAL ASSETS</b>	<b>\$ 7,344,413</b>	<b>\$ 2,351,758</b>	<b>\$ 9,696,171</b>	<b>\$ 900,606</b>	<b>\$ 10,596,777</b>	<b>\$ 8,767,507</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 75,534	\$ -	\$ 75,534	\$ -	\$ 75,534	\$ 92,875
Accrued vacation and payroll liabilities	141,801	-	141,801	-	141,801	126,643
Current portion of Paycheck Protection Program loan	174,873	-	174,873	-	174,873	-
<b>Total current liabilities</b>	<b>392,208</b>	<b>-</b>	<b>392,208</b>	<b>-</b>	<b>392,208</b>	<b>219,518</b>
Tenant security deposits	44,251	-	44,251	-	44,251	41,766
Paycheck Protection Program loan, net of current	139,377	-	139,377	-	139,377	-
City of San Rafael note payable	19,984	-	19,984	-	19,984	18,862
Beneficial interest in charitable remainder trust held for others, discounted to present value	419,146	-	419,146	-	419,146	-
<b>TOTAL LIABILITIES</b>	<b>1,014,966</b>	<b>-</b>	<b>1,014,966</b>	<b>-</b>	<b>1,014,966</b>	<b>280,146</b>
<b>NET ASSETS</b>	<b>6,329,447</b>	<b>2,351,758</b>	<b>8,681,205</b>	<b>900,606</b>	<b>9,581,811</b>	<b>8,487,361</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,344,413</b>	<b>\$ 2,351,758</b>	<b>\$ 9,696,171</b>	<b>\$ 900,606</b>	<b>\$ 10,596,777</b>	<b>\$ 8,767,507</b>

See notes to consolidated financial statements.

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES – YEAR ENDED SEPTEMBER 30, 2020  
(With summarized financial information for the year ended September 30, 2019)**

	Unrestricted	Board Designated	Total Unrestricted	With Donor Restriction	Total	
					2020	2019
<b>SUPPORT:</b>						
Grants and contributions	\$ 4,077,298	\$ -	\$ 4,077,298	\$ 640,199	\$ 4,717,497	\$ 2,961,528
Legacies and bequests	430,943	-	430,943	-	430,943	638,715
In-kind support	724,199	-	724,199	-	724,199	805,497
Special events, net of direct donor benefits of \$0 and \$26,740, respectively	264,401	-	264,401	-	264,401	223,724
Net assets released from restriction	377,319	-	377,319	(377,319)	-	-
Total support	5,874,160	-	5,874,160	262,880	6,137,040	4,629,464
<b>REVENUE:</b>						
Rental income	453,003	-	453,003	-	453,003	436,149
Collection rights income	3,750	-	3,750	-	3,750	9,000
Auto & boat sales, net of direct expenses of \$0 for both fiscal years	36,719	-	36,719	-	36,719	41,354
Investment income, net of investment expense	61,957	122,205	184,162	-	184,162	116,755
Gain (loss) on disposal of assets	1,500	-	1,500	-	1,500	(5,996)
Miscellaneous	3,585	-	3,585	-	3,585	468
Total revenue	560,514	122,205	682,719	-	682,719	597,730
TOTAL SUPPORT AND REVENUE	6,434,674	122,205	6,556,879	262,880	6,819,759	5,227,194
<b>EXPENSES:</b>						
Program services	4,803,688	-	4,803,688	-	4,803,688	4,684,513
General and administrative	434,955	-	434,955	-	434,955	392,152
Fundraising	486,666	-	486,666	-	486,666	357,178
TOTAL EXPENSES	5,725,309	-	5,725,309	-	5,725,309	5,433,843
INCREASE (DECREASE) IN NET ASSETS	709,365	122,205	831,570	262,880	1,094,450	(206,649)
NET ASSETS, beginning of year	5,620,082	2,229,553	7,849,635	637,726	8,487,361	8,694,010
NET ASSETS, end of year	<u>\$ 6,329,447</u>	<u>\$ 2,351,758</u>	<u>\$ 8,681,205</u>	<u>\$ 900,606</u>	<u>\$ 9,581,811</u>	<u>\$ 8,487,361</u>

See notes to consolidated financial statements.

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES— YEAR ENDED SEPTEMBER 30, 2020  
(With summarized financial information for the year ended September 30, 2019)**

	Program Services			Support Services		Total		
	Council Activities	Free Dining Room	Conferences	Total Programs	General & Administrative	Fundraising	2020	2019
Salaries, payroll taxes & benefits	\$ 1,184,206	\$ 490,070	\$ -	\$ 1,674,276	\$ 124,565	\$ 225,822	\$ 2,024,663	\$ 1,811,341
Client assistance	433,074	4,879	1,350,039	1,787,992	1,357	645	1,789,994	1,687,774
Food	-	675,877	20,790	696,667	-	-	696,667	809,084
Professional fees	49,664	-	-	49,664	212,024	101,214	362,902	264,715
Depreciation and amortization expense	137,708	65,794	-	203,502	25,989	-	229,491	218,731
Taxes, licenses & fees	60,172	8,420	-	68,592	1,852	20,359	90,803	65,550
Printing & postage	636	-	-	636	816	88,243	89,695	63,703
Utilities	26,673	37,128	-	63,801	11,196	-	74,997	70,036
Security	4	64,559	-	64,563	-	-	64,563	85,850
Supplies	9,397	23,899	-	33,296	23,050	4,076	60,422	77,007
Miscellaneous expense	12,911	4,243	17,679	34,833	7,004	18,531	60,368	67,018
Insurance	31,265	13,165	-	44,430	5,601	2,633	52,664	47,057
Communications and technology	28,440	829	-	29,269	14,236	6,228	49,733	74,061
Building repairs & maintenance	36,094	1,963	-	38,057	144	-	38,201	27,847
Special events	-	-	-	-	-	16,021	16,021	15,490
Equipment repairs & maintenance	2,011	7,021	-	9,032	5,234	-	14,266	25,235
Dues & subscriptions	-	845	-	845	914	2,174	3,933	3,591
Travel & transportation	1,136	1,173	-	2,309	290	632	3,231	10,300
Conventions & meetings	941	-	-	941	683	88	1,712	6,633
Vehicle repairs	576	407	-	983	-	-	983	2,820
<b>TOTAL</b>	<b>\$ 2,014,908</b>	<b>\$ 1,400,272</b>	<b>\$ 1,388,508</b>	<b>\$ 4,803,688</b>	<b>\$ 434,955</b>	<b>\$ 486,666</b>	<b>\$ 5,725,309</b>	<b>\$ 5,433,843</b>

See notes to consolidated financial statements.

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<u>Year Ended</u> <u>September 30, 2020</u>	<u>Year Ended</u> <u>September 30, 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 1,094,450	\$ (206,649)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	227,503	215,322
Amortization expense - intangibles	1,988	3,409
Unrealized loss (gain) on investments	137,024	(29,038)
Realized gain on investments	(253,461)	(4,056)
Donated stock	(276,758)	-
Amortization of imputed interest on note payable	1,122	1,060
Loss (gain) on asset disposal	(1,500)	5,996
Decrease (increase) in:		
Program receivables	(40,202)	13,031
Contributions receivable	(19,674)	147,224
Prepaid expenses and other assets	12,772	(6,835)
Interest in charitable remainder trust, as discounted	(419,146)	-
Increase (decrease) in:		
Accounts payable	(17,341)	32,673
Accrued vacation and payroll liabilities	15,158	15,507
Tenant security deposits	2,485	(2,181)
Interest in charitable remainder trusts payable to others	419,146	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>883,566</b>	<b>185,463</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net proceeds from asset disposal	1,500	-
Purchase of property and equipment	(113,748)	(463,784)
Purchase of marketable securities	(75,422)	(564,814)
Proceeds from sale of marketable securities	107,666	753,756
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(80,004)</b>	<b>(274,842)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Payroll Protection Program note	314,250	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>314,250</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,117,812	(89,379)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>701,603</b>	<b>790,982</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 1,819,415</b>	<b>\$ 701,603</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for interest	\$ 789	\$ 480

See notes to consolidated financial statements.



**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2020**

**Note 1. ORGANIZATION AND NATURE OF ACTIVITIES:**

Nature of activities:

The District Council of Marin County, Society of St. Vincent de Paul (the Society) is a local affiliate of the Society of St. Vincent de Paul, an international, Catholic lay not-for-profit organization of men and women who voluntarily offer services to individuals in need. The Society’s goal is to provide services to those in Marin County who are struggling to make ends meet and might not otherwise receive help. The Society offers compassionate, individualized assistance to help the neediest neighbors obtain nutritious food, affordable housing, meaningful employment and a voice in their own community.

St. Vincent de Paul Society of Marin County is an independently incorporated, nonprofit organization that is governed by its own Board of Directors and is solely responsible for its own fundraising and program operations. The majority of the Society’s funding is received in the form of contributions from individuals, local government grants and small foundations. All of the donations received serve the people of Marin.

Major programs consist of:

***Council Activities*** – Trained volunteers meet with individuals and/or families in order to develop a trusting relationship and to ascertain how they can best be served. The assistance provided may take the form of housing counseling and placement, case management, direct aid, intervention, advocacy or moral support. This “neighbor helping neighbor” model holds respect as the dearest attribute: The Society respects those it serves for their many experiences, their struggles, their talents and their humanity.

***Free Dining Room*** – Using the same volunteer-driven model, neighbors provide neighbors with sustenance, a place for respite and a listening heart. The Society serves hot, nutritious meals to all who enter its doors, 365 days of the year.

***Conferences*** – In most Catholic parishes within Marin County, small groups of men and women organize local volunteer efforts to assist neighbors in need. These groups, known as Conferences, provide help to people of all faiths and backgrounds, preventing eviction and homelessness by addressing financial crises on a case by case basis. Some of the services offered include emergency financial assistance for utilities and rent, food pantries, overnight shelter vouchers, and assistance with obtaining clothing and furniture. While not social workers, volunteers also provide solace and comfort for people at risk of isolation and depression.

***Homeless Outreach*** – The Marin Homeless Outreach Team (HOT) is a collaborative effort of local public and nonprofit entities designed to bridge the system gaps and assist those in greatest need to access permanent housing. Using national best practices, HOT focuses at any given time on a small number of people experiencing chronic homelessness and crafts a personalized housing plan for each. Plans may include access to behavioral health treatment, re-engagement with family, or wraparound case management, all with the goal of placing that person as quickly as possible in permanent housing appropriate for their needs.

***Housing*** – The Society provides permanent supportive housing to chronically homeless individuals in a variety of locations across the county. Supportive housing provides long-term housing stabilization services that include individualized case management, connection with critical medical or mental health services and meaningful daily activities.

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2020**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Basis of accounting:

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America specific to not-for-profit organizations. Under the accrual basis of accounting, support is recognized with it is awarded, revenues are recognized when they are earned, and expenses are recognized when the liability is incurred.

Principles of consolidation:

The financial statements of the Society include the accounts of the Society and the entities it wholly owns; 191 Kenwood Court, LLC and Paris Park & Union LLC, both California single member LLC's formed March 29, 2017. All significant intercompany accounts and transactions are eliminated.

Basis of presentation:

The Society reports information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions. A description of the two net assets categories follows:

Net assets without donor restrictions represent net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions represent net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. See Note 12 for a summary of net assets with donor restrictions as of September 30, 2020.

Revenue recognition:

Support and revenue from donation, without donor-imposed restrictions, are reported as unrestricted support in the period received.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

If restricted donations are made and restrictions satisfied during the same fiscal year, activity is reported as unrestricted in the statement of activity. If restrictions are not satisfied at fiscal-year-end, donations are recorded as net assets with donor restrictions.

Gifts of fixed assets are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service.

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2020**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Cash and cash equivalents:

Cash and cash equivalents consist of bank checking and savings accounts, as well as cash funds held with investment brokerage firms with original maturities of three months or less.

Investments:

Investments consist of marketable securities held with a brokerage firm. Marketable securities are classified as current assets and recorded at prices quoted daily by a national exchange.

The Society carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Society classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level I such as quoted prices for similar securities or quoted prices in inactive markets.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

Contributions receivable:

Contributions receivable are recorded based on written promises received from donors. All amounts are deemed fully collectible within one year of the balance sheet date.

Property and equipment:

Fixed assets with an initial cost of at least \$2,500 are capitalized and stated at cost. Donated fixed assets are stated at their fair market value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 37.5 years for fixed assets currently on the books

Collection rights income:

The Society does not operate a thrift store. Instead, it allows St. Vincent de Paul Society of Sonoma County, for a monthly fee, to collect thrift donations in Marin County.

Income taxes:

The Society is a not-for-profit organization that has been granted exemption from Federal and State income taxes under Internal Revenue Code Section 501(c)(3) and by the California Franchise Tax Board. Accordingly, there is no provision for Federal or State income taxes.

Comparative data:

The financial statement information for the year ended September 30, 2019, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation, please refer to the financial statements for that fiscal year.

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2020**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Recent accounting pronouncements:

On June 21, 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Update is effective to annual periods beginning after December 15, 2019. Early adoption is permitted. The Society has implemented ASU 2018-08 and has adjusted the presentation in these financial statements accordingly.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) which affects any entity that enters into contracts with customers to transfer goods or services. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for annual reporting periods beginning after December 15, 2018. Early adoption is not permitted. The Society has implemented ASU 2014-09 and has adjusted the presentation in these financial statements accordingly.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842)*. The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their Statement of Financial Position for all leases with lease terms longer than twelve months. The standard will be effective for non-public business entities for fiscal years beginning after December 15, 2021 with early application permitted. The Society is currently evaluating the impact this guidance will have on its financial statements.

Subsequent events:

Management has evaluated subsequent events through March 31, 2021, the date which the financial statements were available for issue.

**Note 3. NATURE OF ESTIMATES:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In-kind contributions:

Due to the inherent difficulty of collecting information relating to the occurrence and valuation of in-kind contributions, it is at least reasonably possible that the actual dollar value of contributions received differs significantly from the amount recorded in these financial statements.

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2020**

**Note 4. CONCENTRATIONS OF CREDIT RISK:**

Financial instruments which are potentially subject to credit risk consist principally of cash, and cash equivalent investments, receivables and assets of the pooled income fund. Cash and cash equivalents were held in high credit quality financial institutions in the United States of America. At times, the account balances may exceed the institutions' federally insured limits. Investments are held at brokerage firms in amounts which may exceed the guaranteed amount of the Securities Investor Protection Corporation. Management believes that the risk of loss is minimal and has not experienced any losses in its accounts.

**Note 5. LIQUIDITY AND AVAILABILITY:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,819,415
Investments	3,531,630
Program receivables	302,462
Contributions receivable	<u>27,050</u>
	<u>5,680,557</u>
Less:	
Amounts restricted by donor	(900,606)
Board-designated	<u>(2,351,758)</u>
	<u>(3,252,364)</u>
Available for general expenditures	<u><u>\$ 2,428,193</u></u>

The board-designated reserve is available for the purposes described in Note 12. The Board may at any time change the purposes for which the board-designated reserve may be spent.

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2020**

**Note 6. INVESTMENTS:**

The investments are reported at fair value in the accompanying statements of financial position. The following table presents the fair value measurement information for investments:

	Investments at Fair Value as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 189,747	\$ -	\$ -	\$ 189,747
Exchange traded funds	1,164,197	-	-	1,164,197
Bond funds	1,422,771	-	-	1,422,771
Fixed income	754,915	-	-	754,915
	<u>\$ 3,531,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,531,630</u>

Components of investment income are as follows at September 30, 2020:

Realized and unrealized gains	\$ 116,437
Interest and dividends	75,391
Investment fees	<u>(7,666)</u>
Total investment income	<u>\$ 184,162</u>

**Note 7. PROPERTY AND EQUIPMENT:**

Property and equipment comprised the following at September 30, 2020:

Buildings and improvements	\$ 5,565,445
Furniture and equipment	311,313
Fleet vehicles	190,692
Land	<u>225,000</u>
	6,292,450
Less accumulated depreciation	<u>(1,841,898)</u>
Property and equipment, net	<u>\$ 4,450,552</u>

Depreciation expense for the year ended September 30, 2020 was \$227,503.

**Note 8. INTANGIBLE ASSETS:**

Intangible assets consist of website development costs of \$10,226. The website development costs are subject to amortization on a straight-line basis over an estimated life of three years. Amortization expense for the year ended September 30, 2020 was \$1,988 and accumulated amortization was \$10,226.

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2020**

**Note 9. CHARITABLE REMAINDER ANNUITY TRUST:**

The Society holds an interest in a charitable remainder annuity trust that provides for fixed payments to a designated annuity beneficiary for five years. The trust and the liability to pay the annuity have been recognized at discounted present value, using a discount rate of 3%.

**Note 10. PAYROLL PROTECTION PROGRAM PROMISSORY NOTE:**

On April 28, 2020, the Society received loan proceeds in the amount of \$314,250 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Society intends to use the proceeds for purposes consistent with the PPP. While the Society currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Society to be ineligible for forgiveness of the loan, in whole or in part.

Scheduled principal repayments on PPP obligations for the years subsequent to September 30, 2020 are as follows:

Year Ending September 30,	
2021	\$ 174,873
2022	<u>139,377</u>
	<u><u>\$ 314,250</u></u>

**Note 11. CITY OF SAN RAFAEL NOTE PAYABLE:**

In 2004, the Society received an \$80,000 interest-free loan from the City of San Rafael. The loan is secured by a Deed of Trust recorded as a lien against the Society’s B Street, San Rafael, facility. Under the terms of the loan, all 8 of the apartments at the Society’s facility must be used to house individuals with very low incomes. Repayment of the principal is scheduled to occur upon the earliest of the following three events: maturity of the note in 2044, transfer of the real property that is not authorized by the City, or default of the loan agreement.

As the loan is non-interest bearing, it was reduced to its present value at the time it made, using an interest rate of 5.95%. The difference between the face value and the present value was recorded as a contribution. The loan is currently recorded on the books as follows:

Face value of note	\$ 80,000
Less discount to present value	<u>(60,016)</u>
Present value of loan at September 30,	<u><u>\$ 19,984</u></u>

**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2020**

**Note 12. BOARD DESIGNATED NET ASSETS:**

In 2015, the Society received a special gift of approximately \$4,000,000. Although the gift was awarded without donor restrictions, the Society’s Board of Directors elected to use the proceeds to establish a board-designated fund, which shall be used for a variety of purposes as discussed below:

<u>Emergency Fund</u>	\$ 750,000
-----------------------	------------

Because our core mission is to prevent homelessness and to aid people experiencing crises, these funds shall be used for emergency client assistance and operations in the event of an unforeseen event or circumstance such as a financial crisis or natural disaster.

<u>Building Maintenance and Improvements Fund</u>	500,000
---	---------

Because our B street building, which houses our offices, low-income housing and dining room, is a key asset to our mission, it is important that we maintain it in a safe and workable condition and make improvements as needed. These funds will be invested to generate income to finance work on the property beyond routine repairs and maintenance.

<u>Opportunity Fund</u>	750,000
-------------------------	---------

Because we constantly strive to do more and to help more people, it is important to be able to take advantage of new opportunities, in alignment with our mission, which may present themselves. Some possible opportunities: seed funding for new staff, partnering with other organizations consistent with our mission and strategic plan.

Total principal	\$ 2,000,000
Accumulated earnings	351,758

Total board-designated net assets	<u><u>\$ 2,351,758</u></u>
-----------------------------------	----------------------------

The Society has enacted a policy whereby any release of the three funds must be carefully considered decisions which require the approval of the Board of Directors. Investment accounts will be reviewed periodically by the Finance Committee and yearly by the Board of Directors. Although the funds are grouped into three separate categories, the Board retains discretion to transfer money between funds, as voted by the majority of its members.



**SOCIETY OF ST. VINCENT DE PAUL  
DISTRICT COUNCIL OF MARIN COUNTY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – SEPTEMBER 30, 2020**

**Note 13. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions represent donations and grants to the Society that have been restricted for a specific purpose or time period. Details are as follows:

	October 1, 2019	Contributions	Released from Restrictions	September 30, 2020
Conferences	\$ 298,992	\$ 190,199	\$ -	\$ 489,191
Leadership campaign	74,847	-	74,847	-
Affordable housing	61,138	-	1,122	60,016
MCF - Bridge Housing	101,399	200,000	200,000	101,399
Pennies Fund a Need	101,350	-	101,350	-
COVID-19 Aid	-	250,000	-	250,000
Total	<u>\$ 637,726</u>	<u>\$ 640,199</u>	<u>\$ 377,319</u>	<u>\$ 900,606</u>

**Note 14. OPERATING LEASES:**

The Society leases office and program space and equipment for its operations under various non-cancelable operating leases. The aggregate remaining minimum rental payments required under the terms of existing leases as of September 30, 2020 are as follows:

Year Ending September 30,	
2021	\$ 31,200
Total	<u>\$ 31,200</u>

Rent expense under all leases amounted to approximately \$18,000 for the year ended September 30, 2020.

**Note 15. 403(b) RETIREMENT PLAN:**

The Society has a 403(b) Retirement Plan which covers all eligible employees. The Plan was adopted under section 403(b) of the Internal Revenue Code for 501(c)(3) not-for-profit organizations. Employees may contribute up to the IRS annual limit. Employee contributions are withheld through payroll and remitted each month to the respective financial investment institution. Discretionary contributions made by the Society in the year ending September 30, 2020, were \$19,384.

**Note 16. COVID-19 IMPACT:**

During the year ended September 30, 2020, COVID-19 became a global pandemic and resulted in unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty. The outcome and timeframe is highly unpredictable, and as such, the financial impact to operations cannot be estimated.